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th Annual Report

State Board of Hail Insurance

To Montana Grain Growers

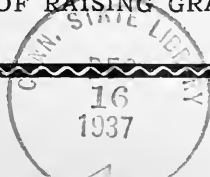


1934 BUSINESS SUMMARY

Total risk written	\$532,160.57
Premium charge	\$ 40,568.97
Losses paid	\$ 24,333.71
Policies issued	598
Loss claims filed	50
Total acres insured	74,974
Average insurance per acre	\$7.10
Average acres insured per farmer.....	125
Number of days with hail	13
Acres reported damaged	8,131
Loss ratio	4.57%
Average cost of insurance	7.6%
Average cost per \$1000 of protection.....	\$76.23

**PAYMENTS ON STATE HAIL LOSSES
CANNOT BE GARNISHEED OR ATTACHED
BUT MAY BE ASSIGNED**

**HAIL INSURANCE IS A NECESSARY COST
OF RAISING GRAIN**



All 1934 Losses Were Promptly Paid in Full. The first half was paid within thirty days of the losses and final payments were completed by the 13th of September. This makes the sixteenth consecutive year that losses have been paid in full. The ratio of loss for the year was 5%, which is a little under the average. The sixteen year average shows a little over 6%.

Large Saving. The State hail insurance fund has continued its record of savings for the grain growers. For 1934 the cost of all insurance averaged 7.6% or \$76 for each \$1,000 of hail insurance carried. This low average rate includes the charge for hail insurance on special crops like mustard, peas, beans and alfalfa seed. To find the rate for your county see paragraphs 10 to 16 inclusive on the back of the application. If losses in 1935 run much below the average these rates will be reduced.

Most of the 1934 Business Was in the Triangle. In this area more farmers used State hail insurance last summer than in any season of the last ten, except one. The drouth conditions in the balance of the state east of the Continental Divide resulted in the smallest number of policies in the history of the department. From the counties of Phillips and Stillwater on the west and from Valley to Richland and Carter on the east, only twenty policies were written on non-irrigated crops. If the crop condition in this area had been as good as that in the triangle the number of policies written for the season would have been as many as in any year since 1920.

Demand for Hail Insurance Continues. Outside of drouth, hail continues to be the greatest risk to growing grain in the counties


east of the Continental Divide. The large number of grain growers insuring against hail damage in the triangle during the summer of 1934 proves plainly that there is still a great demand for hail insurance whenever crop conditions and prices look favorable.

Collections Better Than Usual. From 1929 to 1933, inclusive, a large number of hail levies were not paid due mainly to the disastrously low prices. In 1934 most of the current accounts have been paid, also a large number of the delinquent accounts. These payments were the result mainly of better prices but were assisted by the government refinance loans and wheat allotment payments.

Reserve Fund. Better collections in 1934 have resulted in a big increase in cash on hand. On January 1, 1934, about \$10,000 remained in the fund. In January, 1935, the fund contained \$40,000 and it is expected that this will be increased to about \$50,000 before the 1935 hail season.

The following tables give detailed information on the operation of the State Hail Fund. If any additional information is desired on any other phase of operation of the Montana Fund, or of any other state hail insurance fund, it will be gladly furnished on request.

Cash Payment for Hail Insurance. This method of insuring is increasing slowly. It deserves more attention because it does away with crop mortgages and waivers. It also provides for a reduction of 4% in the cost of the insurance.



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Detail Statement—Risk, Levy, Losses, Loss Ratio

County—	1934 Risk Written	1934 Levy	1934 Losses Paid	1934 Loss Ratio	16 Year Average Loss Ratio	Average Cost 16 Years
Big Horn.....	\$ 2,104.00	\$ 207.36	.....	....	8%	9%
Blaine.....	14,315.00	1,145.20	.....	....	4	7
Broadwater.....	.....	.....	.....	....	2	7
Carbon.....	280.00	22.40	.....	....	3	10
Carter.....	.....	.....	.....	....	3	7
Cascade.....	96,141.00	7,087.37	\$13,277.52	14	6	8
Chouteau.....	55,615.00	3,885.46	5,483.46	10	5	8
Custer.....	500.00	45.00	.....	....	10	8
Daniels.....	20,516.00	1,640.48	2,590.25	13	5	7
Dawson.....	.....	.....	.....	....	7	8
Fallon.....	.....	.....	.....	....	4	7
Fergus.....	1,420.00	127.80	239.60	17	8	9
Flathead.....	560.00	28.00	.....	....	4	6
Gallatin.....	14,770.00	1,314.21	289.60	2	12	7
Garfield.....	.....	.....	.....	....	8	8
Glacier.....	36,960.00	2,608.16	723.00	2	3	8
Golden Valley.....	3,650.00	361.80	.....	....	15	10
Hill.....	7,581.00	529.27	240.00	3	3	7
Jefferson.....	.....	.....	.....	....	3	7
Judith Basin.....	9,576.50	834.47	93.75	1	5	9
Lake.....	610.00	35.30	.....	....	.....	5
Lewis & Clark.....	3,400.00	228.48	.....	....	.....	8
Liberty.....	29,591.50	2,071.41	52.00	.....	2	8
McCone.....	335.00	26.80	.....	....	3	7
Madison.....	.....	.....	.....	....	5	6
Meagher.....	.....	.....	.....	....	12	9
Musselshell.....	1,600.00	160.00	.....	....	16	9
Park.....	.....	.....	.....	....	16	9
Petroleum.....	430.00	38.70	.....	....	3	8
Phillips.....	780.00	85.80	.....	....	5	7
Pondera.....	62,586.60	4,579.78	600.00	1	8	8
Powder River.....	.....	.....	.....	....	7	8
Prairie.....	.....	.....	.....	....	6	7
Ravalli.....	1,080.00	86.40	.....	....	.....	7
Richland.....	940.00	73.92	.....	....	3	8
Roosevelt.....	10,750.00	834.80	25.50	.....	4	7
Rosebud.....	.....	.....	.....	....	5	8
Sheridan.....	8,700.00	696.00	32.00	.....	4	8
Stillwater.....	.....	.....	.....	....	11	10
Sweet Grass.....	.....	.....	.....	....	6	9
Teton.....	67,078.97	4,909.61	60.00	.....	3	8
Toole.....	63,213.00	5,428.63	51.60	.....	6	8
Treasure.....	6,020.00	545.18	.....	....	10	8
Valley.....	5,315.00	436.72	412.80	8	4	7
Wheatland.....	1,500.00	150.00	.....	....	10	10
Wibaux.....	2,080.00	121.40	162.75	8	5	7
Yellowstone.....	2,162.00	223.06	.....	....	9	9
	\$532,160.57	\$40,568.97	\$24,333.83	5%	6.2%	8%

15 YEAR SUMMARY 1920-1934 Inclusive

Total risk written	\$20,959,798
Tax levy	\$ 1,691,435
Number farmers insured	19,210
Total acres insured	2,469,164
Average acreage per application	128.5
Average risk per acre	\$8.49
Losses paid	\$ 1,317,584
Loss ratio	6.29%
Average cost per \$1,000 of protection.....	\$80.70
Number losses adjusted	4,271
Operating expense ratio	10.6%

ADMINISTRATION ACCOUNT FOR 1934

1. State office salaries and traveling expenses (chairman, clerk hire, board members' per diem and expenses)	\$5,051.09
2. General office expense (printing, stationery, supplies, postage, telephone, telegraph, equipment, insurance)	1,434.32
3. Hail adjusters' per diem and expenses.....	1,310.67
4. Advertising	257.57
5. Office rent (\$50 belongs to 1933).....	450.00
6. Collection expense	698.99
	<u>\$9,202.64</u>

HOW TO GET STATE HAIL INSURANCE

APPLY TO THE ASSESSOR OF THE COUNTY IN WHICH THE GRAIN TO BE INSURED IS GROWING.

Directions for Land Owners. Owners of unencumbered land may obtain hail insurance by merely filling out an application and filing it with the assessor. The assessor has instructions to receive all such applications and to make the charge for them against the land only. The crop lien provision in the application is not to be used and the application is not to be filed with the county clerk and recorder.

Directions for Owners of Mortgaged Land or Land with Less Than One Year's Delinquent Taxes. If the land taxes are not delinquent more than one year, or if the land is not under foreclosure, the applicant is not required to furnish waivers for crop mortgages of record when hail insurance is issued.

Directions for Owners of Mortgaged Land or Land with More Than One Year's Delinquent Taxes. If the land taxes are delinquent more than one year, or if the land is under foreclosure, then waivers must be obtained for crop mortgages of record when hail insurance is applied for, if the crop mortgages are for other purposes than feed or seed.

Directions for Tenants. Any tenant may secure State hail insurance by furnishing a crop lien subject only to prior liens for feed and seed. The crop lien is made a part of the application. If prior liens are a bar to insuring, the tenant must produce a waiver from the mortgagee ranking first after feed or seed mortgages and must file it with his application for hail insurance. The waiver must be for the maximum charge for the hail insurance. Tenants may also secure hail insurance by having the owner of the land sign consent for the hail tax to go against the land. Mortgages for feed or seed require no waivers.

4% Discount for Cash Payment for Hail Insurance. When any grain grower pays cash for his hail insurance he will be charged the regular maximum charge for his county less 4%. If a reduction is made later in the rate for the year he will be refunded the proper amount from the state office at Helena.

Waivers May Delay Hail Insurance. Grain growers should start early to secure waivers when they know they will be required before hail insurance may be obtained. Failure to do so may result in serious loss by hail during the time the waiver is sought. If any grower has an agreement with the mortgagee to carry hail insurance he should

arrange a definite agreement on how the proceeds of any hail loss may be divided.

When to Insure. Experience shows that grain crops should not be insured until they start stemming or reach the height of about 6 inches, and then growing conditions should be favorable. The same care should be taken when insuring special crops. Hail insurance is needed now as badly as in any former year but care should be taken to use it more as a matter of protection than speculation.

How Much Insurance per Acre? For 1935 the Board will allow hail insurance on grain in the various counties for any amount desired up to \$10 per acre. About 80% of those insuring are careful about the amount of protection. We appeal to those who have not been careful, to use greater care for 1935.

Hail Insurance on Special Crops. Not more than the amount shown after each of the following crops will be written per acre for 1935:

Beans, irrigated	\$12	Sweet Clover Seed.....	\$10
Beans, non-irrigated	\$ 7	Alfalfa seed	\$12
Peas	\$20	Mustard and corn	\$12
Potatoes	\$20	Sugar beets	\$20

Reduced Rates in Case of Crop Failure. When any insured crop is damaged or destroyed by other means than hail, the hail insurance may be terminated and the cost of the insurance will be reduced as shown by paragraph 17 on the application and policy. Application for reduction must be made to the state office at Helena.

Adjustment of Losses. When any grower is sure his insured grain has suffered loss exceeding 5% he should promptly report his loss to the state office at Helena. An experienced adjuster will examine the grain within about a week. The adjusters are farmers who understand the effect of hail on grain and will give each claim very careful consideration. Haste in reporting losses at harvest time is urged.

Payment of Losses. The hail insurance law provides that within 40 days of the occurrence of the loss, payment shall be made as follows: One-half the amount of the adjustment, less the amount owed for hail insurance, shall then be sent the insured. The final payment will be made as soon as practical after the close of the hail season. In recent years the first payment has been made in August and final payments in September or October.

Montana State Hail Insurance Is a Mutual Fund. All money paid into the fund is used for hail insurance purposes only. A small part is used for operating expenses and the balance is used for payment of losses as needed. All losses have been paid in full from 1919 to 1934 inclusive. The cash reserve for 1935 is about \$50,000.00. All of this plus the 1935 hail taxes will be available to pay hail losses, if needed.



This picture was taken shortly after the unusually destructive storm of August 7, 1931. This house is located four miles north of Hardin. The door canvas was shredded and had been replaced. The broken boards on the west end were a good grade of 1x6 drop siding. The hail here were very large, many larger than a tea cup, and were driven by a gale. This storm extended from near Big Timber to a point a few miles northwest of Chalk Buttes in Carter County. Hail was severe enough to cause total losses to small grain in an area of over 1,500 square miles.

The storm described above covered a larger single area than any other recorded in Montana. However, it seems that very destructive hail storms are likely to occur frequently during the growing season in any part of the state east of the Continental Divide. Where they may strike is very uncertain.

PERSONNEL OF STATE BOARD OF HAIL INSURANCE

- E. K. BOWMAN, Chairman, Helena
Farmer and Member Montana Farmers' Union
- A. P. BRUCE, Secretary, Helena
Commissioner of Agriculture
- JAMES J. BRETT, Member, Helena
State Treasurer
- P. J. ANDERSON, Member, Conrad
Farmer and Former Officer Montana Grange
- B. I. ANDERSON, Member, Fairview
Farmer and Member Richland County Farm Bureau

It is the duty of each assessor to furnish grain growers with full information regarding State hail insurance and to assist them in making application for hail insurance. This pamphlet is issued for the purpose of assisting assessors in presenting information to grain growers.

Ideas on the improvement of State hail insurance will be welcomed at any time from county officers or grain growers. Send them to the

STATE BOARD OF HAIL INSURANCE
Helena, Montana.

